



Comcast Cable Communications, Inc.
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May 27, 2003

Ms. Marilyn Crane
Manager, Information Technology services
Information Technology Department
City of Sunnyvale
P. O. Box 3707
Sunnyvale, CA 94088-3707

RE: Comcast Cable Communications, Inc. (formerly AT&T Broadband, LLC)
FCC Forms 1240 and 1205
Your letter of May 16, 2003 addressed to Robbin Pepper

Dear Ms. Crane:

I am writing in response to your letter of May 16, 2003, addressed to Robbin Pepper. I am the Assistant Controller of Regulatory and Compliance for the Western Division of Comcast Cable Communications, Inc. ("Comcast"). I am responsible for all rate-related matters for the former AT&T Broadband properties in California including the City of Sunnyvale ("City").

Thank you for the opportunity to comment on the report regarding the review of the 2003 FCC Forms 1240 and 1205 provided by Telecommunications Management Corporation ("TMC"). Generally, Comcast is pleased with the TMC report and agrees with most of the findings and recommendations. However, we do have a few concerns that require comment.

Page 3 – Form 1205

The TMC report states, "Representatives of some communities have indicated that they feel the Comcast approach is not reasonable, and that they may appeal the process."

The FCC's position, as stated in the letter of February 26, 2003 cited in the TMC report, is that "...Comcast's proposed annualization of the Form 1205 data for the former AT&T systems is reasonable and not inconsistent with Commission rules and policies." We are not aware of any reasons why the approach that we used to annualize costs on the FCC Form 1205 is unreasonable, or which would serve for a basis of an appeal of the FCC's initial determination. We sought guidance from the FCC for the specific purpose of ensuring, to the extent possible, that the merger would not cause unwarranted litigation regarding the annualization methodology which we used.

For your information, we have attached a copy of the letter that was submitted to the FCC and a copy of the FCC's response. As we explained to the FCC, our methodology was necessitated by an extraordinary situation in which the books and records as maintained

by AT&T no longer existed after the merger. Therefore, we believed that the approach that we followed and that captured ten months of cost data was reasonable and did not in any way change the costs that would have been placed on the books had the merger not occurred. The FCC letter and the Form 1205 instructions support Comcast's position that the 10-month annualized methodology produces reasonable rates.

Therefore, we hope that the annualization methodology as presented in the letter and as ratified by the FCC will be acceptable to the City as it has been to other franchising authorities in these unique circumstances and will not be the cause of what we believe would be unwarranted litigation over this year's FCC Form 1205.

Further, the TMC report states, "In the past, a few communities have challenged whether the sampling methodology utilized by AT&T Broadband, and now Comcast, is an appropriate means of establishing estimates. Most local franchising authorities (including the City) have accepted the methodology as one reasonable attempt to estimate actual costs."

The sampling methodology is used to determine the customer equipment maintenance and installation costs attributable to the provision of basic cable television (regulated) service and the average amount of time for installation activities associated with the provision of basic cable television service. The actual costs were taken from the books and records of AT&T Broadband and are not estimates (except for the fact that they have been "annualized" in this particular filing). The sampling is simply utilized to determine what percentage of the total actual costs is attributable to the provision of basic cable television service. Comcast appreciates that the City has found the sampling methodology acceptable in the past.

Pages 3 –4 – Form 1240

Comcast agrees with the TMC report.

Page 5 – Recommendations

Comcast agrees with TMC's recommendations.

The City has requested that Comcast provide the basic service rates, as well as installation and equipment rates, and when the proposed rates will be effective. At this time, Comcast does not plan to change the basic service rate nor the equipment and installation rates. When we have decided if we will change these rates and what those rates will be, we will provide proper notification to the City in accordance with FCC rules and the franchise agreement with the City. As mentioned in the TMC report, "It is noted that the regulatory authority of the City is for the 'permitted' rate (i.e., this is the only rate which can be found to be reasonable or unreasonable)." And further in its recommendations, "If the City believes it is necessary to take any action on the proposed rates, the City can approve the rates contained in the Forms 1205 and 1240...as being calculated in a manner consistent with FCC regulations."

Again, Comcast appreciates this opportunity to comment on the TMC report to the City of Sunnyvale and hopes that the City will follow the recommendations of the report.

If you have any questions regarding these comments or any other rate-related questions, please contact me at 925-973-7270.

Sincerely,

A handwritten signature in cursive script that reads "Sonia Mehta".

Sonia Mehta
Assistant Controller-Regulatory and Compliance
Comcast Western Division

Cc: Michael J. Friedman, TMC
E. Garcia
W. Fitting

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January 31, 2003

W. Kenneth Ferree, Esquire
Chief, Media Bureau
Federal Communications Commission
445 12th Street, S.W., Room 3-C740
Washington, DC 20554

Dear Mr. Ferree:

Following the merger between Comcast Corporation and AT&T Broadband ("AT&T") on November 18, 2002, we would like to take this opportunity to confirm that the methodology Comcast Cable Communications, Inc. ("Comcast") intends to use to prepare next year's FCC Form 1205 for the former AT&T systems is consistent with the Commission's rules and policies. We believe that this confirmation will help to serve to ensure the expeditious processing of FCC Forms 1205 during the next year should any questions arise concerning the manner in which Comcast intends to report 12 months of data on FCC Form 1205 for the former AT&T systems.

Since March 1, 1997, AT&T (and its predecessor, TCI) has filed an aggregate, company-wide FCC Form 1205 annually in March to adjust rates for equipment and installation charges associated with the basic service tier. Upon the consummation of the merger, the two companies' books were combined. Therefore, following the merger there are available only ten full months of data from AT&T's books and records with which to file a FCC Form 1205 for AT&T's March 1, 2003 filing.¹

In anticipation of the merger, over 4000 general ledgers from AT&T and Comcast were consolidated into approximately 400 general ledgers in the merged Company. It therefore would be extremely difficult to extract and segregate the financial information for the former AT&T systems from the combined companies' financial information for the last two months of 2002 so as to complete a FCC Form 1205 which pertains solely to the former AT&T systems. To segregate this financial information

¹ Comcast files its FCC Form 1205 with local franchising authorities in the fall of each year, and it will have a full year of data available with which to complete its 2002 filing.

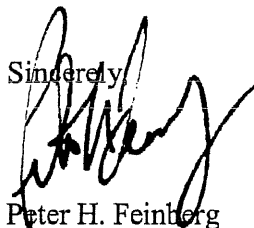
would require the identification of the data in the former AT&T accounts with the corresponding Comcast account. There would then need to be an allocation of the costs for only that portion of the new Comcast general ledger that corresponds with the old AT&T general ledger. This would be an extremely tedious as well as a difficult undertaking and would take countless hours, with no certainty that the accounts would precisely correspond to one another or that all accounts could be segregated in this manner.

As a reasonable alternative, Comcast proposes utilizing the financial information available at the close of AT&T's books in October, 2002, and annualizing the data. Comcast will take the aggregate year-to-date data from the October month-end close, divide it by 10, and multiply the result by 12 in order to obtain data for the two-month period remaining in 2002 after the merger. This will permit Comcast to include a full year of data in the FCC Form 1205 filing.

The FCC Form 1205 general instructions provide, "when there has been an unusual change in operations, data from a representative month may be used for the calculation of the rates, subject to acceptance by the franchising authority or, when applicable, by the FCC." (FCC Form 1205 Instructions at 3.)² In this case although there was not an unusual change in the operations of the cable systems, because of the merger of the two companies a portion of the AT&T data is not available in the format in which it was previously maintained. Comcast represents that the proposed methodology by which it develops data for the two missing months will not adversely affect former AT&T customers or skew next year's FCC Form 1205 installation and equipment rates.

Therefore, it would be appreciated if the Bureau could confirm that the methodology as explained herein is appropriate and consistent with the Commission's rules and policies as it pertains to the filing of next March's FCC Form 1205 filing for the former AT&T systems. Should you have any questions regarding the foregoing, please contact me.

Sincerely,



Peter H. Feinberg
Counsel for Comcast Cable
Communications, Inc.

PHF/cmf
cc: John Norton, Esq.

² Similarly, the Instructions for Schedule B of Form 1205 also allow annualization of partial-year data that reflect a "defined change" that has occurred during the 12 month period. FCC Form 1205 Instructions for Schedule B, Annual Operating Expenses for Service Installation and Maintenance of Equipment and Plant, at 11.



Federal Communications Commission
Washington, D.C. 20554

DA 03-566
MB-ILR 03-1
Released: February 26, 2003

Peter H. Feinberg, Esq.
Dow, Lohnes & Albertson, PLLC
1200 New Hampshire Avenue, Suite 800
Washington, D.C. 20036-6802

Dear Mr. Feinberg:

On behalf of Comcast Cable Communications, you have asked for a response from the Media Bureau to a data calculation method Comcast proposes to use in preparing FCC Form 1205, which is the form used to determine regulated equipment and installation rates.

In your letter of January 31, 2003, you explain that, at the time of the Comcast acquisition of AT&T Broadband, Comcast merged over 4000 Comcast and AT&T Broadband general ledgers into approximately 400 ledgers. As a result, the financial data necessary to complete Form 1205 is not available for the former AT&T Broadband systems for the last two months of 2002. You propose to use the data that is available for the 10 months from January through October and "annualize" it by dividing by 10 and multiplying by 12. You state that the proposed methodology "will not adversely affect former AT&T customers or skew installation and equipment rates."

This is to advise you that, based upon your explanation and assurances, I am of the view that Comcast's proposed annualization of the Form 1205 data for the former AT&T systems is reasonable and not inconsistent with Commission rules and policies. Should this issue arise in the context of any specific rate appeal, the Commission would, of course, have to give consideration to whatever additional information might be adduced in the course of that proceeding.

Sincerely,

A handwritten signature in black ink, appearing to read "W. Kenneth Ferree", is written over a horizontal line.

W. Kenneth Ferree
Chief, Media Bureau